

HOUSE BILL REPORT

HB 1821

As Reported by House Committee On:
Labor

Title: An act relating to industrial insurance requirements and options for owners and lessees of for hire vehicles, limousines, and taxicabs.

Brief Description: Addressing industrial insurance requirements and options for owners and lessees of for hire vehicles, limousines, and taxicabs.

Sponsors: Representatives Sullivan, Manweller, Condotta, Orwall, Blake, Fitzgibbon and Gregerson.

Brief History:

Committee Activity:

Labor: 2/10/15, 2/19/15 [DP].

Brief Summary of Bill

- Exempts operators of for-hire vehicles, limousines, and taxicabs who own or lease the vehicle from mandatory industrial insurance, and allows elective coverage.

HOUSE COMMITTEE ON LABOR

Majority Report: Do pass. Signed by 4 members: Representatives Sells, Chair; Gregerson, Vice Chair; Moeller and Ormsby.

Minority Report: Do not pass. Signed by 3 members: Representatives Manweller, Ranking Minority Member; G. Hunt, Assistant Ranking Minority Member; McCabe.

Staff: Joan Elgee (786-7106).

Background:

Most workers in the state are covered by mandatory industrial insurance. Independent contractors who meet certain tests, however, are not covered. Whether or not a worker is an

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independent contractor is established by a case-by-case determination. Elective coverage is available for workers who are not mandatorily covered.

For-hire vehicle businesses must obtain a certificate for each vehicle from the Department of Licensing (DOL). A for-hire vehicle is a vehicle used to transport people for compensation and includes taxicabs. Businesses must also obtain a permit, except for taxicab businesses licensed by a city, county, or port district. In addition to licensing, local jurisdictions may regulate rates charged for services and otherwise regulate taxicabs. At least one jurisdiction (Seattle) regulates lease rates. Limousine carriers must obtain a license from the DOL and a certificate for each vehicle and limousine drivers (i.e., chauffeurs) must meet certain criteria.

In 2011 legislation was enacted addressing industrial insurance for operators of for-hire vehicles, limousines, and taxicabs regulated by local jurisdictions. All operators, including owner operators of for-hire vehicles, limousines, and locally regulated taxicabs are covered and the owner of the vehicle is responsible for the premiums. Vehicle owners are eligible for inclusion in a retrospective rating (retro) program. The retro program allows employers or a group of employers to assume a portion of industrial insurance risk and receive premium refunds or be assessed additional premiums based on claim losses. The legislation also authorized the Department of Labor and Industries (L&I) to appoint an advisory panel to assist the L&I with controlling costs related to the self-monitoring of claims.

If premiums are not paid, certain business licenses and vehicle certificates are suspended or revoked. Failure to produce evidence of payment of the premium on demand of a law enforcement officer is a civil infraction for the owner and operator. The legislation also specifically addressed locally regulated taxicabs. Local jurisdictions setting rates for taxicab services must adjust rates to accommodate changes in the cost of industrial insurance or in other industry-wide costs. Owners of locally regulated taxicabs who lease the vehicle must make a reasonable effort to train drivers in vehicle operation and safety, and to monitor compliance, including by cameras.

Summary of Bill:

Operators of for-hire vehicles, limousines, and taxicabs who own or lease the vehicle are exempt from mandatory industrial insurance, but may elect coverage. Provisions relating to mandatory coverage and penalties for failure to pay premiums are repealed. The authority for the L&I to have an advisory panel is retained but the reference to controlling costs is deleted. Lessees, in addition to owners, are eligible for inclusion in a retro program.

Local jurisdictions setting rates for taxicab services must adjust rates to accommodate increases or decreases, rather than changes, in the cost of industrial insurance. The reference to "other industry-wide costs" is removed. In addition, local jurisdictions that regulate lease rates must also adjust rates to accommodate increases or decreases in the cost of industrial insurance. Changes in lease rates take effect upon entry into a new lease. Both rates for taxicab services and lease rates must be adjusted by September 1, 2015, and at least every two years thereafter.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Engrossed Substitute House Bill 1367 was passed in 2011 so dispatch companies could avoid their responsibility for premiums. These drivers are independent contractors. They do not have access to employer health care and cannot form a union. The drivers are the only independent contractors who are required to pay premiums. The bill treats the drivers consistently with other independent contractors. Drivers are paying \$522 per quarter for industrial insurance. The cost is a burden and does not help drivers. Drivers have separate medical insurance. Taxis should be treated the same as Uber, Lyft, and other transportation network companies. Drivers are abiding by the law but are burdened by the license fee, airport fee, and other fees. Drivers are immigrants and need help.

Transportation network companies would like to be included in the bill and are working on language.

(In support with concerns) The language in Section 3 should be changed so cities may not adjust rates and the drivers can keep the money saved.

(Opposed) None.

Persons Testifying: (In support) Dawn Gearhart, Western Washington Taxicab Operators Association; Michael Megenta; Surinder Minias; Baljinder Dhillon; Yunis Dineh; Jim Justin, Lyft; and Samatar Guled, For Hire Association.

(In support with concerns) Chris Van Dyk, Q-Ride.

Persons Signed In To Testify But Not Testifying: None.